

### EGYPTIAN HEADACHES

- I. Nasr regime faces number severe internal, external problems:
  - A. In Sudan, pro-"union" government will probably fall unless it takes more "independent " stand. If hope for "union" with Sudan fails, Egyptian reaction serious.
  - B. Arab League -- founded, long dominated by Egypt--shaken by Iraqi-Turkish agreement to sign defense agreement. Collapse of League would mean serious loss Egyptian prestige.
- II. As to Arab League, Egypt is maintaining unyielding position that Iraqi-Turkish agreement violates League pact; Nasr threatens to "leave" League if not supported.
  - A. Iraqi leaders holding firm.

B. Only Saudi Arabia, Yemen supporting

Nasr: rest of Arabs on fence, hoping  
for compromise.

C. In event formal break between Egypt and  
Iraq, can expect frantic Arab maneuvering,  
with possibly significant realignments in  
Near East.

III. Added problem for regime arises from execution  
two (of 8 convicted) Israeli spies on Monday.  
Action brought immediate strong Israeli protests.

A. Trial characterized by Zionist observer and  
US diplomats as "fair" and "without anti-  
Semitism."

B. Since Nasr had executed 6 Moslem Brother-  
hood leaders in early Dec 54 for conspiring  
against state, regime in no position to  
soften sentences given "Zionist spies."

IV. Strength Israeli reaction virtually guarantees future border bloodshed.

A. Sharett accused Egypt of spilling Jewish blood in attempt strengthen its internal, external position.

B. Bitter statements in Israeli Knesset (parliament) and press, in line earlier declarations that popular resentment might bring war.

C. Because present Israeli government is shaky coalition, Sharett has insisted he might be forced yield to intemperate elements.

V. We can anticipate these Israeli moves:

A. Strong international campaign (using diplomats and Jewish organizations) to discredit, embarrass Egypt, particularly Nasr regime.

campaign urging war.

- C. Tacit Israeli governmental approval maximum reprisal activity on Egyptian frontier.

VI. However, war not anticipated unless Egypt loses restraint on frontier (in this connection, Egypt appears to be adopting more aggressive tactics in Gaza strip).

- A. Also, despite Sharett's voiced concern, fall of his government not expected at present.
- B. Should change Israeli government nonetheless occur, almost certain that new regime would be more belligerent, war-minded.